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# Latin American Securities

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## FOREIGN MARKETS AND INVESTMENT

**D**URING the last five years we have heard much about the necessity of developing a market in the United States for foreign securities. Just before the war the country had awakened to the fact that the capacity of our manufacturing plants was in excess of our domestic demands, and that in order to insure the industrial prosperity of the United States it was necessary to develop foreign markets. Those who gave study to the subject saw immediately that permanent markets must be built upon the foundation of foreign investments; that the reason why England and Germany controlled the larger part of the South American trade lay in the fact that these countries had invested something over four billions of dollars in the securities of the South American Republics, and that the enterprises controlled through these investments became permanent users of English and German supplies. Usually, too, the government loans made contained a provision that the proceeds of the loan were to be expended in the country making the investment.

The passage of the Federal Reserve Act in 1913 opened the way for branches of American banks abroad, and through these agencies and the development of organizations like the American International Corporation, the instrumentalities were created for the investigation of foreign investment business.

## FOREIGN INVESTMENT BANKING

The World War threw out of gear the mechanism of international exchange. It shut off from South American countries their financial markets, and made it impossible for them to obtain any further credit in Europe. Foreign investment banking was a new field for the American banker. It required investigation and study, and, more than that, successfully to handle foreign investments, required a market in the United States. The American investor, in the past, has had plenty of opportunities for investment in his own country, and, as a matter of fact, we ourselves drew upon Europe for the development of our own resources. The only considerable amount of American money invested in a foreign country was that which was placed in Mexico, and the unfortunate experience of our investors in that country has resulted in a lack of enthusiasm among our investors for foreign securities in general, especially in countries concerning which our knowledge is limited.

Sound banking practice demands that the resources of our national and state banks should be liquid. This precludes our banks making long term loans to foreign countries. If we are to make these foreign investments, they must be distributed among the investors of this country, and this necessitates a campaign of education. The process of educating our investors to the importance of making foreign

investments is a difficult one, and while much work has been done along this line in the last few years, the great task is still before us if real results are to be accomplished.

#### INVESTMENT OF THE UNITED STATES IN SOUTH AMERICAN SECURITIES

I have been asked to write specifically of South American securities. The layman may have an idea that a great deal has been accomplished in the making of a market for South American securities, due, probably, to his having read so much on the subject and to having heard the matter discussed at commercial association and trade meetings. As a matter of fact, very little progress has, up to the present, been made, if progress be measured by the amount of securities placed.

In the early days of the war (May, 1915) the Argentine floated \$25,000,000 of three-year notes. This was followed later by a short term acceptance credit. The City of Sao Paulo, in Brazil, made a loan in this market in 1915, which has recently been funded into a larger loan of \$8,500,000. The City of Rio de Janeiro, in May of this year, arranged for a \$10,000,000 serial loan (1922-1930) the proceeds of which are to be used for funding existing indebtedness of the municipality, and for public improvements. In 1915 Uruguay made an arrangement with the Ulen Contracting Company and the American International Corporation for a loan of approximately \$5,000,000 to cover a contract for sanitary and water works in a number of Uruguayan cities. Owing to the peculiar exchange situation, resulting in the dollar being at a very substantial discount, this loan, instead

of being marketed in this country, was sold back to Uruguay, several years later. This transaction demonstrates not only the business shrewdness of the Uruguayan but the substantial resources of the country, which absorbed by an internal loan the amount of the external loan, with a very substantial profit to the government of Uruguay. With the exception of a loan to Bolivia and one or two short term credit operations with bankers, this represents all that the United States has done in South American countries in the way of investments since 1914. The sum total will not exceed \$50,000,000.

#### RESOURCES OF SOUTH AMERICA

South America has, however, not stood still during the last four years. While it was unable to borrow anything in Europe and practically nothing in the United States, nevertheless, all of these countries have prospered exceedingly during the war, and each has had a great increase in its favorable trade balance. *Peru's* trade balance in 1913 was \$15,000,000; 1916, \$38,000,000; 1917, \$25,000,000. *Peru's* resources are varied and its raw materials were in great need. Her exports increased from \$44,000,000 in 1913 to \$91,000,000 in 1917. The sugar and cotton industries received a great impetus, and *Peru's* planters have become very wealthy. *Peru* actually reduced its debt during the war, and handled its finances in an excellent manner. Not only did *Peru* export large quantities of cotton and sugar, but hides, wool, rubber and copper also showed substantial increases.

*Bolivia* increased her exports from \$36,000,000 in 1913 to \$70,000,000 in

1918, with a favorable trade balance in 1918 of \$39,000,000. Bolivia has the greatest tin mines in the world, but before the war Bolivian tin had difficulty in competing with the tin of the Straits Settlements, because the Bolivian tin was more difficult to smelt. Tungsten, copper and silver all showed an enormous increase in production.

Both Peru and Bolivia have unlimited mineral resources, but, in the great majority of cases, the mines are worked by primitive methods. What can be accomplished on a large scale by modern methods is shown by the success of the Cerro de Pasco, Braden and Chile Copper Companies. These are all American developments. The entire mining industry of these countries is ready for modern methods, and for the substitution of machinery for labor. The almost prohibitive expense of coal makes necessary the use of wood and of unsatisfactory fuel substitutes, such as mountain moss and animal dung. Electric power in sufficient quantities to run the mines of Bolivia is a practical possibility of the future, and affords a real opportunity for American investment.

*Chile* was enormously prosperous during the war by reason of the unlimited demands for her nitrates. Chile's trade balance in 1913 was \$25,000,000, and in 1917 was \$130,000,000. The Argentine and Uruguay found ample opportunity to dispose of their cattle, hides, wool, wheat, corn and other agricultural products. For the first time in their history butter and cheese in substantial quantities were exported. The Argentine's trade balance was \$22,000,000 in 1913 and \$333,000,000 in 1918. In 1913 Uruguay's trade

balance was \$15,000,000 and \$33,000,000 in 1917.

*In Brazil* great impetus was given to the cotton industry. There are over three million spindles today, a large portion of them having been put in during the war. Brazil was able to furnish the Allies coffee, cocoa, rice, mandioca, raw cotton, manufactured cotton, hides, dressed cattle and manganese. Brazil's trade balance increased from an unfavorable balance of \$10,000,000 in 1913 to a favorable balance of \$40,000,000 in 1918.

All of the South American countries have increased their national wealth materially during the war, and, as a consequence, the basis of any security which may be issued by them has become much more valuable. On the other hand, with one or two exceptions, the financial condition of the governments themselves has not improved. A number of the South American governments, including Brazil and the Argentine, had plans under way with European bankers for reorganization of their finances when the war put an end to any further discussions. They have been able to do nothing since. These countries naturally look to the United States for assistance and help.

#### INVESTMENT OPPORTUNITIES IN SOUTH AMERICA

*Peru* desires to reorganize her finances and to float loans in this country for the purpose of providing water works and sewers in her large cities, and for the construction of roads and railroads. The great addition to her national wealth, the reduction of her debt, and the great possibilities for future development form the basis of a security which, before the war, would

have occasioned a European banker no hesitancy whatever in the loaning of money. It remains to be seen whether the American investor will take a similar view of it.

*Bolivia* also needs money for the sanitation of her cities and the building of one or two railroads strategically well planned from an economic viewpoint. Chile needs to reconstruct and rehabilitate her entire system of state railroads. These roads need new rails, new road beds in places, new bridges, a signal system, new engines, and a vast amount of rolling stock, and, to accommodate the dense traffic between Santiago and Valparaiso, this section of the road should be electrified. The development of a number of ports and harbors has been held up by the war, and Chile is anxious to proceed if she can obtain the money. The route over the Andes is blocked by snow a large part of the year, and traffic is at a standstill. The expenditure of substantial sums in the building of snow sheds and other protective devices against the avalanches will make the Transandine Railroad usable throughout the entire year.

*The Argentine* is enormously rich. Its possibilities are unlimited, but the government has a large floating debt, and its finances need careful thought and study in the working out of a comprehensive funding plan which shall take care not only of present needs but which will also furnish the money for drainage works, government elevators, so necessary to do away with the huge yearly loss through damage to unprotected grains, extension of port works, and further railroad development.

*Uruguay* wants money to install

sewers and modern water works systems in all of the larger cities, to carry out further harbor developments, and to build roads and bridges.

*Paraguay* needs to work out a comprehensive financial plan. Her currency must be put upon a stable basis. The country has prospered immensely as a result of the war. The national wealth has grown but the government's debt has increased, and the financial problem is a real one.

*Brazil*, at the outbreak of the war, had arranged with the Rothschilds for a comprehensive refunding operation. The war caused a breaking off of negotiations. The enormous natural resources of Brazil, and the great possibilities of the future, should furnish a stable security for substantial loans which will put Brazil's governmental finances in good condition. The problem is one for expert and experienced financiers. The help of the American banker would be welcome, but the American banker hesitates because of the large volume of securities which would have to be issued, and the difficulty of making a market for them in the United States.

Measured by its potential wealth, Brazil is one of the richest countries in the world. It has reached a high stage of development in those parts of the country made accessible by transportation facilities, but the vast interior of Brazil is an empire in itself, with unlimited possibilities. The interior of Brazil is comparable to the far west of the United States seventy-five years ago. Brazil has every variety of climate, and can grow practically anything. The prairies and plains of the interior afford a grazing ground which should some day make her

the greatest cattle country in the world.

To develop these vast resources, Brazil needs labor, money and brains. The labor will come. Already the tide of immigration from Europe has set in. The money is needed to build roads and railroads, to develop the vast areas for colonization, and to develop water power and the other latent resources of the country. Much of this work must be undertaken with governmental or state guarantee and aid. The amount of money Brazil could use is almost unlimited, and every dollar invested and properly put to work in Brazil will show extraordinary profit.

#### AMOUNT OF LOAN REQUIRED BY SOUTH AMERICA

A reasonable estimate of the actual loan requirements immediately desired by the six governments mentioned would involve the issuance of at least five hundred million dollars worth of securities. In all cases there is ample security, not only in the actual wealth and potential resources of the countries, but a comprehensive reorganization of the fiscal and taxing systems of these countries would result also in a wide margin of security over interest and amortization requirements. In addition to the five hundred million dollars mentioned, at least twice as much more could be used to advantage by states and municipalities, and in the development of the resources of these countries through private instrumentalities.

A part of the money needed would be for the purpose of refunding old loans, but a large proportion of these funds would be immediately used for public improvements in the shape of

roads, sanitary works, water works, railroads, and port and harbor works, all of which would mean employment for American engineers and a market for construction materials, machinery, railroad equipment and miscellaneous supplies of all kinds.

In any investment there is involved a moral hazard, and this is probably one of the most important considerations in a campaign to persuade the American investor to lend his money abroad. There still exists among the investors in this country a great deal of ignorance concerning South America. There seems to be little realization of the immense resources of these countries and of their progress in the past decade. After an extended visit to the six countries mentioned, and a careful study of social, economic and political conditions, the conclusions reached are generally favorable.

#### SOUTH AMERICAN CREDIT IN AMERICA

The South American appreciates the necessity of establishing the credit of his government in the United States. He has a serious understanding of the necessity of maintaining inviolate international obligations. While the disarrangement of the financial machinery of the world made it necessary, in some instances, for South American governments to ask for extensions of time on maturing obligations, yet all of these situations have been satisfactorily worked out. There has been no scaling down of foreign obligations in so far as any of these governments are concerned, and in each case the service upon the external debt is considered as the first charge upon the revenues of the country, even though a particular debt may not be specifically guaranteed.

An instance of the jealous care with which a South American country guards its credit is shown by the fact that during the Balmeceada revolution in Chile both factions provided the funds with which to meet the principal and interest on the national debt, which came due during the Civil War in which the country was engaged.

There is a feeling of sensitiveness in the larger countries of South America over the demands of North American bankers for special security. It is argued, with a great deal of justice perhaps, that great nations like the Argentine, Chile or Brazil should not be obliged to specifically mortgage customs and taxes in order to raise loans; that the stability of these countries and their resources are such that their credit ought not to be questioned. In the years immediately preceding the great war, all of these countries floated loans in Europe at low rates of interest, without any special guarantees, and this fact is brought out in discussions with government officials by way of contrast to the general attitude of American bankers.

But it is interesting to note in this connection that Argentina in planning to open a credit, through the Bank of the Argentine Nation, for England, France and Italy jointly of \$200,000,000 is asking that such a loan be specially secured by the deposit of either equivalent amounts of foreign held Argentine securities or a large percentage of gold.

#### MARKET FOR SOUTH AMERICAN SECURITIES IN THE UNITED STATES

It is difficult to explain market conditions in this country. Our South American friends can hardly

appreciate the fact that the North American investor knows little about South America. They put us in the same class with the great European nations before the war and wonder why we are not willing to do the same thing they did. They point to our immense wealth and resources, and can not understand why it is not possible to obtain the needed money in the United States on terms similar to those granted by European countries before the war. All South America realizes that for years to come the United States is the only remaining reservoir of capital which is available to it. The South American can not understand why we are not willing to lend money, as Europe did, at 5 per cent. This is because he has no knowledge of the condition of our market. His unwillingness to meet the interest rates in our market will probably disappear when he in turn studies our own conditions and knows more about this country, and when the needs for new financing become more acute.

There are many forward-looking financiers in South America, who recognize the fact that if their countries are to develop their resources, they must obtain the confidence of the American investment market, and to this end are willing to make sacrifices of pride and money, by paying high interest rates, in order to establish the credit of their countries here. Most of the governments are prepared to be very liberal with the private investor, and are ready to offer inducements to tempt capital to develop their lands, promote new industries, and to supplant old methods by modern methods and machinery.

### SOUTH AMERICAN ISSUES IN EUROPEAN MARKETS

For the benefit of the student of South American investments, who desires to study the record of South American issues in European markets, there is presented in an exhibit following this paper a table showing the yield as based on the latest prices on the London market, and the high and low prices over a period of years, on a list of typical South American securities.

It will be noticed that the decline in the values of South American issues has been in line with the increasing rates for money, and the general depression of the security markets of the world. Before the war the Argentine, Brazil, Chile and Uruguay  $4\frac{1}{2}$  per cent and 5 per cent bonds sold at a substantial premium above par. These same bonds, during the war period, showed a discount in some cases of 25 per cent below par. In August of this year these particular issues came back to within from five to eight points of par in the case of the 5 per cent bonds, and a price of  $85\frac{1}{2}$  in the case of the Argentine sterling bonds. The price of 95 for Uruguay's 5 per cent loan would seem to indicate the judgment of the London market on Uruguayan credit to be favorable. An examination of the table shows, on the other hand, that the credit of some of the states and municipalities is not as favorably regarded.

The railroads of South America have been experiencing high costs of operation, and in the Argentine have been suffering from government restrictions in the matter of rates. That government restrictions interfere with credit is shown by the course of the values of the railroad securities set out

in the table. An interesting fact about this table of South American securities is that it compares very favorably with a similar table of North American securities which might be prepared. The prices have shrunk during the war, as the effects of the war have made themselves felt in the shutting off of capital and in the enormous increase in expense of operations of all kinds.

### THE AMERICAN MARKET FOR FOREIGN SECURITIES

The problem of making a market for foreign securities in this country is one which we must solve, as it directly affects the future prosperity of our people. A study of the trade balances of the United States during the war period, and a glance at the figures for the current year, shows that the world is our debtor for many billions of dollars. This existing debt can only be paid by gold, by goods, or by postponing the date of payment, through the granting of credits, which means by investment, on the part of our people, in foreign securities.

Furthermore, our position as an international trader in the future has been radically altered by the turning back on our market, during the war, of American securities held in Europe and by our new policy of owning and operating our own merchant marine. In pre-war years there was a continual balance of trade of exports over imports in our favor, which was settled by our paying huge sums as interest and dividends to foreign holders of our securities and for freights and passage on foreign vessels. Since the war, the situation is exactly the reverse and there will be even larger payments to



be made to the United States in the future for interest due us and for the use of our ships. The trade situation will consequently be reversed and we will have to import in far greater amounts than we export. We will have to see our much vaunted export trade dwindle, and our people consuming more goods of foreign manufacture, unless the alternative policy is seized upon by the rank and file of our people. That alternative is to make yearly large investments in foreign securities. Such investments by us and our present desirable export trade are inseparably related. The laws of international trade balancing are unalterable. The total value of our exports, plus the value of such services as shipping and insurance must be balanced by an equal value of imports, or the surplus of exports and services must be offset by a corresponding investment of capital abroad. Unbalanced working of this principle means injurious exchange conditions and if continued forces a reduction of exports and services and an increase of imports to the point of balance.

South America offers a particularly attractive field for profitable investments in constructive development enterprises. The world can not stand still and, for the benefit of mankind, the great undeveloped resources of South America must be organized and placed at the disposal of the consuming world. The application of capital to the resources of South America will mean an increased production of those things which the world most needs, because South America is primarily a producer of the raw materials which are so necessary to feed and clothe men.

Labor in South America is cheap and plentiful, the soil extremely productive, and the problems of production comparatively simple. A greatly increased production in South America will not only stimulate and develop trade between the United States and South America and make a market for the products of our factories, but will also contribute materially toward the reduction of the high cost of living the world over.

AMOUNT OUTSTANDING OF SOUTH AMERICAN SECURITIES LISTED ON THE LONDON MARKET JUNE 1919

FIGURES IN MILLIONS OF POUNDS STERLING<sup>1</sup>

Governmental	State	Municipal	Public Utilities Light and Power, Trams, Water Works, Dock	Railways	All Other Companies	Total
218	25	19	47	285	124	718

<sup>1</sup> Source: *Investors' Monthly Manual*.

## TYPICAL SOUTH AMERICAN BONDS—

	Amount Quoted (Value or No.)	Re- demp- tion Date	Yield on Latest Price, Per Cent	1911	
				H	L
GOVERNMENTAL					
Argentina					
4½% Sterling Bonds.....	£3,120,600	1932	5.49	102	97¾
Brazil					
5% Loan of 1903.....	£7,698,100	1940	5.86	104¾	100¾
Chile					
5% of 1909.....	£2,815,500	1960	6.25	103½	98⅞
Peru					
5½% Salt Loan.....	£1,036,880	1938	6.34	..	..
Uruguay					
5% of 1896.....	£934,400		5.30	102½	99
STATE					
Province of Buenos Aires					
3½% Sterling Bonds.....	£10,004,680	1920	7.01	74¾	69⅝
Sao Paulo					
5% of 1904.....	£744,580	1936	5.32	102½	98¼
MUNICIPAL					
Buenos Aires					
5% Loan of 1909.....	£1,435,660	1946	6.46	103½	100¼
Lima					
5% 1st mortgage bonds.....	£595,700		6.60	..	..
Montevideo					
5% as designated 6%.....	£980,718		6.25	103	97¼
Rio de Janeiro					
Federal District 5% of 1905.....	£3,731,620	1955	6.45	103	96½
Sao Paulo					
6% Gold Loan.....	£662,640	1943	6.00	108½	103¼
Valparaiso					
5½% Water Bond.....	£226,300	1940	6.05	..	..
QUASI PUBLIC					
(a) Railways					
Argentina					
Central Argentine 4% debenture stock	£13,452,232	1988	6.65	103	99¾
Central Argentine 4½% Preferred Stock.....	£9,695,718		7.37	..	..
Buenos Aires Great Southern 4% de- benture.....	£15,405,797		5.85	104¼	100¼
Buenos Aires Great Southern 5% de- benture Non Cumulative Preferred	£8,000,000		6.55	120½	114¼
Brazil					
Great Western 4% Debentures.....	£1,644,700	1955	8.34	96¾	91¾
Sao Paulo, ordinary.....	£3,000,000 (Stock)		5.47	217	202⅝
Sao Paulo, 4% Debentures.....	£1,000,000 (Stock)		5.66	104¾	100¾
Leopoldina 4% Debentures redeemable after 1928 Company's Option.....	£4,495,300 (Stock)	1928	6.50	97⅞	92½
Chile					
Nitrate Railways, ordinary.....	£1,485,340 (£10)		5.55	15	12⅝
Uruguay					
Central Uruguay Eastern Extension Permanent Debenture Stock.....	£1,146,666 (Stock)		6.16	109	103½
Chile and Bolivia					
Antofagasta and Bolivia 5% Cumula- tive Preferred.....	£2,000,000 (Stock)		6.27	110⅝	103⅞
Argentina					
River Plate Electricity Co. Stock....	£175,000 (Stock)		4.72	240	220
Anglo Argentine Tramways 4% de- bentures redeemable '68 @ 102....	£4,222,076	1968	6.42	97⅞	91¼
Buenos Aires La Croze Tramways 5% Cumulative Mortgage.....	£1,065,400		7.27	101½	97¼

PRICES ON LONDON MARKET 1911 TO DATE<sup>1</sup>

1912		1913		1915		1916		1917		Jan.-June 1919		August 1919	
H	L	H	L	H	L	H	L	H	L	H	L	H	L
101	96 $\frac{1}{2}$	100	93	89 $\frac{1}{2}$	80	86	77 $\frac{3}{4}$	84 $\frac{1}{2}$	76	87	82 $\frac{1}{2}$	85 $\frac{1}{2}$	82
104	100	103	95 $\frac{1}{2}$	92 $\frac{1}{2}$	76	84 $\frac{1}{2}$	76	88	77	96 $\frac{1}{2}$	87 $\frac{1}{2}$	91	83
102	97	99 $\frac{1}{2}$	95	86	73 $\frac{7}{8}$	88	76 $\frac{1}{2}$	87	78	89	83 $\frac{1}{2}$	84	79 $\frac{3}{4}$
100 $\frac{1}{8}$	96	102	96	86	69	91 $\frac{1}{2}$	79	91	82	93 $\frac{3}{4}$	90	94	91
101 $\frac{1}{2}$	98 $\frac{1}{8}$	99 $\frac{3}{4}$	94 $\frac{1}{4}$	97 $\frac{1}{4}$	87 $\frac{1}{2}$	87 $\frac{1}{2}$	75	87	74	100 $\frac{1}{4}$	92	95	94 $\frac{1}{2}$
73 $\frac{3}{8}$	66 $\frac{1}{2}$	70 $\frac{1}{4}$	63 $\frac{1}{2}$	43	35	51 $\frac{7}{8}$	45	49 $\frac{1}{4}$	44 $\frac{1}{2}$	56	51 $\frac{1}{2}$	54	47 $\frac{3}{4}$
102	97 $\frac{1}{4}$	101 $\frac{3}{4}$	99 $\frac{3}{8}$	98 $\frac{1}{2}$	80 $\frac{3}{4}$	98 $\frac{1}{4}$	83	98	86	101 $\frac{3}{4}$	94	96	95
103	99 $\frac{11}{16}$	102	97 $\frac{1}{2}$	96 $\frac{1}{2}$	90	91 $\frac{1}{2}$	86	86	80 $\frac{3}{4}$	90	86	82	80
93	90	91 $\frac{3}{8}$	88	70 $\frac{3}{4}$	68	71 $\frac{1}{4}$	64 $\frac{1}{2}$	72	66	76	72	74	74
100 $\frac{1}{2}$	96	100	92 $\frac{1}{4}$	80 $\frac{1}{4}$	64 $\frac{3}{4}$	79	73 $\frac{1}{2}$	77	73	82	79 $\frac{1}{2}$	80	78 $\frac{1}{2}$
102 $\frac{1}{4}$	95	100	88 $\frac{1}{16}$	80	70	77	67	81	74	86	80	87 $\frac{3}{4}$	86
106	101 $\frac{1}{2}$	104	100	100	90	99	90 $\frac{1}{2}$	99 $\frac{1}{4}$	92	98	95 $\frac{1}{4}$	97	96
105 $\frac{1}{4}$	101 $\frac{3}{4}$	105 $\frac{1}{4}$	101 $\frac{3}{8}$	97 $\frac{1}{2}$	92 $\frac{1}{2}$	94	91	92	89	96 $\frac{1}{2}$	93 $\frac{1}{2}$	94 $\frac{1}{4}$	94
102 $\frac{3}{8}$	98 $\frac{1}{4}$	100	93 $\frac{1}{4}$	90 $\frac{1}{2}$	76 $\frac{1}{4}$	84	72	76 $\frac{1}{2}$	68 $\frac{5}{8}$	72 $\frac{3}{4}$	67 $\frac{1}{2}$	68	66
105	99 $\frac{5}{8}$	103 $\frac{1}{4}$	97 $\frac{1}{4}$	93 $\frac{1}{4}$	77 $\frac{1}{4}$	86	73 $\frac{1}{2}$	76 $\frac{3}{8}$	65 $\frac{1}{2}$	74 $\frac{1}{4}$	63	65	61
103 $\frac{1}{2}$	98 $\frac{1}{2}$	101 $\frac{3}{4}$	93	92	76 $\frac{1}{2}$	85 $\frac{1}{4}$	74	77	69 $\frac{1}{2}$	73 $\frac{1}{2}$	68 $\frac{1}{2}$	69	68
120	112 $\frac{1}{2}$	118 $\frac{3}{4}$	109	105 $\frac{1}{2}$	85	97 $\frac{1}{8}$	84 $\frac{1}{2}$	89	78	85 $\frac{1}{4}$	78 $\frac{3}{4}$	78 $\frac{1}{4}$	77
95	88	88 $\frac{1}{4}$	83 $\frac{1}{4}$	78	69 $\frac{1}{2}$	71 $\frac{1}{4}$	63	69	61 $\frac{1}{4}$	71	66 $\frac{1}{2}$	65.5	56
264	205	270	226	208	158	196 $\frac{1}{2}$	170	191 $\frac{1}{4}$	164	191 $\frac{1}{2}$	170 $\frac{1}{4}$	189	165 $\frac{1}{2}$
102 $\frac{3}{4}$	99 $\frac{1}{2}$	99 $\frac{1}{2}$	94	90	74 $\frac{3}{4}$	85	73	76	71	74	70	71	69 $\frac{1}{4}$
97	91	93 $\frac{1}{4}$	85 $\frac{1}{2}$	80 $\frac{1}{4}$	64	83	61	72 $\frac{5}{8}$	61	69	65 $\frac{1}{2}$	63	60 $\frac{3}{4}$
15	12	14 $\frac{1}{4}$	13 $\frac{3}{8}$	10 $\frac{7}{8}$	7	12	9 $\frac{5}{8}$	13 $\frac{1}{2}$	10 $\frac{1}{2}$	12 $\frac{3}{8}$	9 $\frac{1}{2}$	9	9
111	103 $\frac{1}{2}$	105 $\frac{3}{4}$	98 $\frac{3}{4}$	88	78	85 $\frac{1}{2}$	79	80 $\frac{1}{2}$	75	85	81 $\frac{1}{2}$	81 $\frac{1}{2}$	81
112	104	110	100	96	80	92 $\frac{1}{2}$	81	87	79	83	80 $\frac{1}{2}$	80	79 $\frac{1}{2}$
260	230	222	207 $\frac{1}{2}$	190	190	130	110	150	124 $\frac{1}{2}$	170	145 $\frac{1}{2}$	148	148
97 $\frac{1}{2}$	91 $\frac{1}{2}$	94 $\frac{3}{4}$	89	87	69 $\frac{1}{2}$	77	65	72 $\frac{3}{4}$	64 $\frac{1}{2}$	74 $\frac{1}{4}$	67	70 $\frac{1}{2}$	67
103	97 $\frac{3}{4}$	101 $\frac{1}{2}$	96 $\frac{1}{2}$	101 $\frac{1}{2}$	87	68 $\frac{1}{4}$	60	67 $\frac{1}{2}$	60	69 $\frac{1}{2}$	65	69 $\frac{1}{2}$	69 $\frac{1}{2}$

## TYPICAL SOUTH AMERICAN BONDS—

	Amount Quoted (Value or Number)	Re- demp- tion Date	Yield on Latest Price, Per Cent	1911	
				H	L
QUASI PUBLIC—Continued					
Bolivia					
Electric Light & Power Co. of Cochabamba 6% Bonds.....	£240,520		7.08	98 <sup>9</sup> / <sub>16</sub>	92
Brazil					
Sao Paulo Electric 5% Bonds, 1962..	£2,000,000	1962	6.55	..	..
Peru					
Peruvian Corporation Mortgage Debentures.....	£4,824,050		6.81	107	103
PRIVATE COMPANIES					
Argentine Iron & Steel Debentures..	£278,500		6.5	..	..
Forestal Land Co. 5% Mortgage Debentures.....	£1,141,200		4.99	104 <sup>1</sup> / <sub>2</sub>	100 <sup>1</sup> / <sub>4</sub>
Lobitos Oil fields.....	£400,000 (£1 Shares)		3.55	1 <sup>1</sup> / <sub>2</sub>	<sup>1</sup> / <sub>2</sub>
Liebigs Extract 5% Cumulative Preferred.....	£1,000,000 (£5 Shares)		5.55	51 <sup>5</sup> / <sub>8</sub>	51 <sup>5</sup> / <sub>8</sub>
South American Stores 1st Mortgage Debentures 5 <sup>1</sup> / <sub>2</sub> %.....	£837,000	1937	5.44		
River Plate & General Trust deferred	£250,000		7.32	172 <sup>3</sup> / <sub>4</sub>	159

<sup>1</sup> Source: *Investors' Monthly Manual*.

October 24, 1919.

PRICES ON LONDON MARKET 1911 TO DATE.—*Continued*

1912		1913		1915		1916		1917		Jan.-June 1919		August 1919	
H	L	H	L	H	L	H	L	H	L	H	L	H	L
96 $\frac{7}{8}$	90	97 $\frac{1}{2}$	89 $\frac{1}{2}$	84 $\frac{4}{5}$	80	84	78 $\frac{1}{2}$	86 $\frac{1}{2}$	74	89 $\frac{1}{2}$	82 $\frac{1}{2}$	87 $\frac{1}{2}$	87
94	92 $\frac{5}{8}$	97	90	82 $\frac{1}{2}$	70	83	74	80 $\frac{1}{2}$	72 $\frac{1}{4}$	82	79	83 $\frac{1}{2}$	82
108 $\frac{7}{16}$	102 $\frac{1}{2}$	107 $\frac{1}{4}$	101 $\frac{5}{8}$	100 $\frac{1}{2}$	80	85 $\frac{1}{2}$	75	89 $\frac{1}{2}$	78	94 $\frac{3}{8}$	89	89 $\frac{1}{2}$	87 $\frac{1}{2}$
100 $\frac{3}{8}$	98 $\frac{3}{4}$	103 $\frac{3}{4}$	96 $\frac{1}{4}$	86 $\frac{1}{2}$	65 $\frac{1}{4}$	93 $\frac{1}{4}$	81	94 $\frac{1}{2}$	84	95	92	93 $\frac{3}{4}$	92 $\frac{1}{2}$
99 $\frac{1}{2}$ 1 $\frac{1}{4}$	98 $\frac{4}{5}$	104 $\frac{1}{8}$ 1 $\frac{1}{2}$	99 1	99 $\frac{3}{4}$ 1 $\frac{2}{3}$ $\frac{1}{2}$	91 $\frac{5}{8}$ 1 $\frac{9}{32}$	104 $\frac{1}{4}$ 2 $\frac{7}{32}$	97 1 $\frac{1}{2}$	105 $\frac{1}{2}$ 2 $\frac{1}{3}$ $\frac{1}{2}$	98 $\frac{1}{4}$ 2	105 4 $\frac{1}{2}$	102 $\frac{1}{2}$ 2 $\frac{1}{16}$	104 $\frac{1}{3}$ 4 $\frac{1}{2}$	103 $\frac{1}{2}$ 4
5 $\frac{23}{32}$	5 $\frac{1}{16}$	5 $\frac{15}{32}$	5	5 $\frac{5}{16}$	4 $\frac{5}{16}$	4 $\frac{23}{32}$	4 $\frac{1}{4}$	4 $\frac{5}{8}$	4 $\frac{3}{32}$	4 $\frac{9}{16}$	4 $\frac{5}{16}$	4 $\frac{1}{2}$	4 $\frac{9}{32}$
99 $\frac{5}{8}$ 189	98 $\frac{1}{8}$ 178 $\frac{1}{2}$	104 210	97 $\frac{1}{2}$ 187	98 $\frac{1}{4}$ 154	91 $\frac{3}{4}$ 144 $\frac{1}{4}$	105 $\frac{1}{4}$ 145	97 119	105 122 $\frac{1}{2}$	100 116 $\frac{1}{2}$	107 $\frac{1}{4}$ 142 $\frac{1}{2}$	105 132 $\frac{1}{2}$	106 $\frac{1}{2}$ 139 $\frac{1}{2}$	103 136 $\frac{1}{2}$

A. I. C. RESEARCH DEPARTMENT.  
M. G. E.